

## Master Distributor: Summary

- RJR's market weakness eliminates the use of Master Distributor as an offensive opportunity
  - PM power could overwhelm RJR efforts
  - Logistical complications detract from smoker focus
- Probability of PM going franchise and forcing competitive defensive moves seems low short-term
  - Growth & program success currently being enjoyed
  - Wholesaler profitability issues are substantial
  - Logistically complicated
  - Legal challenges a likely unwanted burden
- Should defense be forced on RJR, Direct Selling partnerships are the recommended response
  - RJR/franchisee combined resource best for quickly counteracting impact
  - RJR actively directs development of a new required core competency
- No further development recommended at this time

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